

Hearing marks first time funds appear before a Congressional committee

March 5, 2008

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FOR IMMEDIATE RELEASE

(Washington DC) Representative Luis V. Gutierrez (D-IL), Chairman of the Subcommittee on Domestic and International Monetary Policy, Trade and Technology, today made the following opening statement at a joint subcommittee hearing, "Foreign Government Investment in the U.S. Economy and Financial Sector," to discuss the role of foreign governments' investments in the United States:

"Too often these days, when most Americans, Members of Congress included, hear the terms "Sovereign Wealth Fund" or "foreign investment," they are likely to conjure images of unfriendly foreign governments attempting to take control of U.S. companies.

"This vision is easily propagated through one-sided media reports and, in some cases, over-reaction by many, including Members of Congress. We tend to focus our attention on the more controversial deals, such as the defunct 2005 Dubai Ports World deal or the China National Offshore Oil Corporation's attempt to acquire UNOCAL. But we don't hear much about the run-of-the-mill, relatively small-dollar, sovereign fund investments in companies like Motorola and Home Depot that take place on a daily basis and provide much-needed capital for

the American economy.

"In 2007, foreign investors invested over 414 billion dollars into purchasing stakes in U.S. companies – a 90 percent increase over 2006, which represented one-fourth of all announced deals for 2007. Where would our economy be right now without those deals? Where would our economy go if these investments were taken away?

"As we know, the subprime mortgage crisis has caused a significant strain on U.S. financial institutions, and it has led a number of large banks to seek injections of foreign capital. In November of 2007, the Abu Dhabi Investment Authority announced a 7.5 billion dollar investment in Citigroup; and in December of last year Temasek announced a 4.4 billion dollar investment in Merrill Lynch.

"These are the kinds of high-profile investments that raise questions – especially when we see several of them occurring over a couple months. And our questions become more punctuated by the many misconceptions about sovereign wealth funds – what they are, what they do and how they are monitored.

"Our primary goal today is to answer these questions, to educate Members and begin a factual, substantive dialogue on the issues surrounding foreign investment in the U.S. and sovereign wealth funds in particular. For these purposes, I think we have two outstanding panels, and an opportunity to learn from some of the best players in international investment. I look forward to a vigorous discussion."